

Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

1
Ag 84 Pro
Cop. 2

#908

LOANS FOR NONFARM ENTERPRISES

U. S. DEPT. OF AGRICULTURE
NATIONAL AGRICULTURAL LIBRARY

MAY 27 1965

CURRENT SERIAL RECORDS

**TV
REPAIR**



**CABINET
MAKER**

UPHOLSTERY

U. S. DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION • PA-908

LOANS FOR NONFARM ENTERPRISES

The Farmers Home Administration makes loans to farmers and ranchers accompanied by technical and management assistance to develop and operate nonfarm enterprises needed to supplement farm income on not larger than family farms. The nonfarm enterprise must be located or headquartered on the borrower's farm.

Examples of enterprises for which loans can be made are:

Repair Shop
Service Station
Restaurant
Grocery Store
Produce Stand

Cabinet Shop
Riding Stable
Sporting Goods Store
Beauty Shop
Custom Services



WHO MAY BORROW?

To be eligible, an applicant must:

1. Have a farm background and the experience or training to assure reasonable prospects of success in the proposed nonfarm enterprise. This does not mean that he must have personally operated the type of enterprise he intends to own and operate.
2. Possess the character, ability and industry necessary to carry out the proposed nonfarm enterprise.

3. Manage and operate the nonfarm enterprise.
4. Be unable to obtain sufficient credit elsewhere at reasonable rates and terms.
5. Be a citizen of the United States and of legal age.
6. Be or intend to become the owner-operator of a not larger than family farm, or be a tenant on such a farm.

Applications of eligible veterans are given preference. Both veterans and non-veterans must meet the same requirements and qualifications for loans.

FOR WHAT PURPOSES MAY THE NON-FARM ENTERPRISE LOANS BE MADE?

1. To provide essential service buildings, land and facilities for the nonfarm enterprise.
2. To buy, rent, or repair necessary tools, equipment, facilities and furnishings.
3. To pay operating expenses.
4. To refinance debts, pay loan closing costs and other necessary expenses.



Beauty
Parlor



3. Manage and operate the nonfarm enterprise.
4. Be unable to obtain sufficient credit elsewhere at reasonable rates and terms.
5. Be a citizen of the United States and of legal age.
6. Be or intend to become the owner-operator of a not larger than family farm, or be a tenant on such a farm.

Applications of eligible veterans are given preference. Both veterans and non-veterans must meet the same requirements and qualifications for loans.

FOR WHAT PURPOSES MAY THE NON-FARM ENTERPRISE LOANS BE MADE?

1. To provide essential service buildings, land and facilities for the nonfarm enterprise.
2. To buy, rent, or repair necessary tools, equipment, facilities and furnishings.
3. To pay operating expenses.
4. To refinance debts, pay loan closing costs and other necessary expenses.



5. To purchase inventories and supplies.
6. To pay the costs of organizing the nonfarm enterprise.
7. For development of water and waste disposal systems essential to the enterprise.
8. To construct roads, ditches, or power, gas and water lines on land where easements or rights-of-way are obtained.

WHAT SECURITY IS REQUIRED?

Loans will be secured by real estate or chattel liens on property depending on the purpose of the loan.

WHAT ARE THE TERMS AND INTEREST RATES?

Each loan is scheduled for repayment within a period consistent with the borrower's ability to repay. Loans for the purchase, improvement and development of real estate are repayable at 5 percent interest over periods up to 40 years. Loans for the purchase of equipment, supplies and other operating expenses are repayable at 5½ percent over periods up to 7 years.

WHAT ADVISORY SERVICE IS AVAILABLE TO BORROWERS?

Supervision and technical assistance will be provided borrowers to the extent necessary to achieve the objectives of the loan. This will consist of assisting the applicant in planning and analyzing the non-farm enterprise, record keeping and properly managing the business.

WHERE AND HOW ARE APPLICATIONS MADE?

Applications are made at the local county office of the Farmers Home Administration. The office staff will be glad to discuss services available from the agency and explain how to prepare a written application.

WHAT OTHER TYPES OF NONFARM ENTERPRISE LOANS ARE AVAILABLE FROM THE FARMERS HOME ADMINISTRATION?

The Farmers Home Administration under authority delegated by the Office of Economic Opportunity makes loans for nonfarm enterprises to low-income farmers and rural residents. These loans bear $4\frac{1}{8}$ percent interest and the maximum indebtedness of a borrower for this type of credit cannot exceed \$3,500.

APRIL 1969

